



NEWS

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Federal Housing Finance Board and Federal Home Loan Bank of Chicago Enter Into Consent Order To Cease and Desist

The Board of Directors of the Federal Housing Finance Board (Finance Board) and the Federal Home Loan Bank of Chicago (Chicago Bank) today entered into a Consent Order to Cease and Desist (Order).

The Order imposes restrictions on the Bank's repurchases and redemptions of its capital stock and its payment of dividends until supervisory concerns have been satisfactorily addressed. The action was necessary to improve the condition and practices of the Bank, stabilize its capital, and provide the Bank an opportunity to address the principal supervisory concerns identified by the Finance Board's Office of Supervision.

In addition to preserving the Bank's capital, the Order calls for improvements in the Bank's market risk management and hedging policies, procedures, and practices. The Bank must also submit to the Finance Board a permanent capital structure plan required by the Gramm-Leach-Bliley Act.

The Chicago Bank has been operating under a supervisory [Written Agreement](#) since June 30, 2004. The Bank is in compliance with the provisions of the Written Agreement, which was last [amended](#) on June 6, 2006. The Written Agreement was terminated upon issuance of the Order.

The [Order](#) is effective immediately. The Order and the [Stipulation and Consent](#) to the Issuance of the Order are available at the Finance Board's website.

The Federal Housing Finance Board is a non-appropriated funds agency that assesses the Federal Home Loan Banks for the costs of its operations.

The Federal Housing Finance Board is an independent agency in the executive branch that oversees the safety, soundness, and mission of the 12 regional Federal Home Loan Banks. The Banks are government-sponsored enterprises created in 1932 to provide low-cost funding for housing finance. They have more than 8,100 financial institutions as members, including commercial banks, savings and loans, insurance companies and federally insured credit unions. More information can be found at <http://www.FHFB.gov>